



1.0 PURPOSE

This policy outlines the process to ensure that sufficient materials, supplies, and services are procured by authorized individuals, from authorized vendors, with consideration given to on-hand inventory, projected future use, competitive pricing, and timely delivery. Local practices, laws, and policies should be considered in conjunction with this policy. Additional guidance is available in the *Accounts Payable* policy. Capital acquisitions are covered in a separate *Capital Expenditures* policy. Payment for goods and services is covered under a separate *Accounts Payable* policy.

2.0 SCOPE

This policy applies to all Brink's, Inc. (Brink's) Corporate, regional, and country level business units.

3.0 RESPONSIBILITY

Overall responsibility for the policy lies with the BCO Controller. Continued compliance, successful implementation, and maintenance of financial records is the responsibility of business unit management. Corporate and Regional management are responsible for on-going monitoring of compliance with the policy.

4.0 POLICY

Determining needs for goods and services, such as operational inventory, equipment, office supplies, and professional services, should be made by qualified individuals who are most familiar with the specific needs of Brink's considering adequate quantities, reasonable pricing, timely receipt, proper specifications, and desired quality. These individuals are usually management of the user function.

This policy sets forth guidelines for the procurement of goods and services, management approval levels and the receipt and acceptance of materials, supplies and services in accordance with a consistent, systemic process. This policy covers all purchase commitments.

The terms "Receiving Department" and "Purchasing Department" referred to in this policy do not necessarily refer to formalized, separate functional departments since they may not exist based on the needs, size, and complexity of individual business units. They are intended as generalized terms referring to individuals or departments responsible for purchasing or receiving goods or services.

4.1 Objectives

Transactions recorded in the general ledger must be properly measured based on underlying events in accordance with U.S. GAAP. All transactions occurring during the reporting period and current balances must be completely reflected in the



general ledger. Only assets and liabilities for which Brink's has the rights of ownership or responsibility for payment should be recorded in the general ledger. Transactions should be recorded only when they exist as supported by an underlying event. All amounts should be classified and disclosed to allow for accurate presentation of financial information. Management should ensure that all transactions and adjustments are appropriately authorized for recording to the general ledger.

5.0 PROCEDURE

The intent of this policy is to provide general guidelines and principles to assist business units to ensure sound business practices are followed embodying the principles of sufficient internal controls in the area of procurement. These procedures are not intended to address detailed, specific control activities applied by business units.

5.1 Initiation of Requisition

Requisition for goods or services should be initiated by individuals authorized to make the specific type of purchase. Countries should have a locally developed management authorizations level matrix. If the goods or services are complex, highly technical, or require a formal request for proposal or contract, appropriate subject matter specialists (such as IT, Security, Legal, etc.) should be involved. New vendors must be approved in accordance with the *Accounts Payable* policy.

5.2 Purchasing Requirements and Authorization

Purchasing requirements should be determined in advance of needs and submitted to the Purchasing function, or responsible individual. Local Management should use a standardized electronic or manual requisition form referencing information required to obtain management authorization and to ensure that specific Brink's needs are met. The use of a Purchase Order (PO) system is encouraged. However, a formalized PO system is not mandated by this policy and should be based on the needs, size, and complexity of individual business units. Purchase requisitions (PR) must be used. For the purpose of this policy, a PR is defined as an electronic or manual method used to document specific purchasing requirements and reflect management authorization.

A purchase order is not required for the following:

- Individual purchases less than \$1,000
- Purchases accomplished through a written contract
- Agreements where terms and conditions inherently exist such as utilities, freight charges, etc.
- Purchases covered by a *Capital Expenditures Request (CER)*
- Recurring purchases/reorder of incidental supplies from an approved catalog



The need for services that are provided on a recurring basis by the same vendor, such as utilities, janitorial services, or ordering branch supplies from an approved vendor catalog should be determined initially by individuals most knowledgeable of Brink's needs. Recurring vendor services should be monitored and periodically re-evaluated to ensure continued satisfactory service.

The need for specialized services, such as advertising, legal, and accounting services, should be the responsibility of functional professionals who are most familiar with the particular needs of Brink's. Please also see the *Use of Consultants* policy.

Purchase requests must be approved by management in accordance with the country's management authorization levels matrix. For individual purchases less than \$1,000, Local or Regional Management may determine the procedures to be followed for communicating purchasing needs and requirements for authorization.

Ideally, responsibility for initiating purchases should be segregated from those indicating receipt of goods and from those authorizing payment for goods or services.

5.3 Competitive Bids

Business unit management should consider obtaining multiple quotes, estimates, or bids from suppliers to ensure the most advantageous price is achieved for the desired goods or services. The need to obtain multiple quotes should also consider prior successful history with vendors, the uniqueness of services or goods, and other factors. In general, a minimum of three competitive bids should be obtained for all purchases greater than \$500,000 unless otherwise justified by Local Management. Documentation evidencing the competitive bidding process should be maintained. Regional Management may lower the competitive bid requirement threshold.

5.4 Entering into Purchase Commitments

Business units may consider entering into purchase commitments. For example, a business unit may enter into a contractual agreement to purchase a certain amount of materials or supplies over a specified period of time to assure an adequate supply or price. All contracts should be documented and approved by appropriate management (including knowledgeable accounting management to ensure transactions or obligations are properly accounted for) in accordance with the approval levels and should be obtained before any contract is signed.

In order to avoid losses from inappropriate commitments, an analysis of the business unit's requirements should be prepared and reviewed. If the potential purchase commitment is greater than \$500,000 or extends beyond one year,



Regional Management approval must also be obtained. Regional Management may also reduce the purchase commitment thresholds.

If a purchase commitment extends beyond one year, the estimated cost of the entire commitment period must be presented for Regional Management approval. See additional information in the *Accounts Payable* policy.

5.5 Order Placement

POs and PRs, as discussed in **section 5.2**, should consider incorporating the following dimensions, as applicable:

- (a) Vendor name and address
- (b) Ship-to-information
- (c) Date the order was placed
- (d) Date the goods are to be delivered or service performed
- (e) Mode or transportation (if appropriate)
- (f) Terms of purchase (down payment, returnable if not used, etc.)
- (g) Each item listed separately with description
- (h) Specific quantity and unit of measure
- (i) Unit price (and currency if appropriate)
- (j) Signature of authorized buyer
- (k) Transfer terms (FOB, etc.)
- (l) Unique identifying number
- (m) Justification for purchase
- (n) Other relevant terms

If a PO system is used, management should consider distribution of multiple-copy PO forms or electronic distribution as appropriate, considering the needs of vendors as well as internal purchasing, accounts payable, and receiving functions.

Issuance of POs should be restricted to Purchasing Department personnel. The format and method used (electronic or printed) for purchase requisitions can be determined by Local Management based on needs but should consider all elements listed above.

Purchases made under contractual arrangements that either supplement or are used instead of a purchase requisition must be reviewed by the Purchasing function to assess commercial terms and conditions prior to approval. Depending on the scope, nature, and terms of contracts, review by Accounting Management and legal representation may also be appropriate.

Copies of contracts should be provided to the respective business unit's Accounting Management for assessment as to the proper accounting treatment and disclosure based on the size, length, and nature of contracts as deemed necessary by Local Management. All original contracts are to be maintained.



Management should consider maintaining original contracts in a limited number of centralized locations based on the nature of the contract, use, or referral frequency.

The Purchasing or Accounts Payable function shall maintain a listing of approved vendors. This list should be reviewed and updated at least annually. Evidence of this review should be maintained locally.

5.6 **Receipt and Acceptance**

The physical receipt of all purchased goods should be the responsibility of the Receiving function, or responsible individual. The receiving function should inspect goods for conformity with desired specifications and quality.

After inspection, the receiving function should notify the Purchasing function that the goods have been received as ordered. Although this process typically involves a receiving report matched with a PO and vendor invoice, local business unit management may design their own process. Processes should ensure a proper accounting cut-off and that only goods received are paid for.

The Receiving function should contact the Purchasing function if there are any order discrepancies (physical damage, wrong item, quantity error, etc.). The Purchasing function should notify the vendor and provide the Receiving function with direction regarding disposition.

Services provided should also be subjected to user department approval to determine that the work was done in accordance with the PO/PR, contract, and intent. Approval by the user department should be documented. If the work is of a confidential or highly technical nature, more senior management review may be appropriate.

5.7 **Return of Goods to Vendor**

The return of goods to vendors should be authorized by the user and Purchasing function. Documentation, sufficient for management and vendor needs, should be prepared containing information sufficient to specifically identify goods returned, such as description, quantity rejected, reason, purchase order number, vendor, etc.

The vendor is expected to send a credit memo acknowledging the receipt of the returned goods and the amount of the credit given to Brink's. Vendor credit memos should be forwarded to the Accounts Payable function who should compare the credit memo to internal records. See additional guidance in the *Accounts Payable* policy.



5.8 Payment

The responsible department or function receiving goods or services must document receipt. The Accounts Payable function must ensure the receipt of goods has been documented before initiating payment. Management approval should be evidenced (manual or electronic). Account coding for the Accounting function to record the expense should also be provided. Only original vendor invoices should be used. Any other supporting documentation sufficient for management review should also be attached or referenced. See additional guidance in the *Accounts Payable* policy.

6.0 **ADVICE AND COUNSEL**

Brink's Management includes accounting and finance professionals who are available to provide assistance and guidance to ensure compliance with this policy. Interpretation of guidance provided in this policy is the responsibility of the BCO Controller. Questions about this policy should first be directed to Regional Finance Management.

7.0 **RELEVANT PROFESSIONAL LITERATURE**

This policy is based on good business practice supported by a system of normal checks and balances as well as segregation of duties.

8.0 **DOCUMENTATION**

All documentation described in this policy must be maintained at the local business unit level and will be subject to periodic review.